



GOCHNOUR & ASSOCIATES, INC.

19590 E. Main Street, Suite 208
Parker, CO 80138

m/037/088

Tel (720) 851-2900
Fax (720) 851-2999
E-mail: lpgochnour@worldnet.att.net

October 6, 2000

Mr. Anthony Gallegos
State of Utah
Division of Oil, Gas & Mining
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

**RE: Lisbon Valley Mining Co. LLC (Summo USA Corporation - Operator)
Reclamation Contract and Reclamation Surety Bond Rider for
Request to Perform Water Well Testing,
Lisbon Valley Project**

Dear Mr. Gallegos:

Attached please find the above referenced Reclamation Contract and required Reclamation Surety Bond Rider for Summo USA Corporation's request to perform water well testing at the Lisbon Valley Project. This should satisfy all of the requirements necessary to begin proposed operations.

If you have any questions regarding the information provided in the attachments, please contact me at the listed letterhead number. Thank you for your review and "Tentative Approval" of Summo's request.

Sincerely,

Lee "Pat" Gochnour

Lee "Pat" Gochnour
Consultant to Summo USA Corporation

Attachments (2)

cc: Bob Prescott - Summo
Mr. Will Stokes (SITLA) - Cover Letter Only
Mr. Sal Venticinque (BLM) - Cover Letter Only

RECEIVED

OCT 10 2000

**DIVISION OF
OIL, GAS AND MINING**

Attachments
Reclamation Contract (With Reclamation Bond Rider)

File Number M/037/088

Effective Date Oct. 27, 2000

Other Agency File Number UTU-72499
ML-17661 + ML20569

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

*Replaced
Contract & Surety
8/9/2002
original
returned
8/29/02*

RECEIVED

OCT 10 2000

RECLAMATION CONTRACT

---ooOoo---

DIVISION OF
OIL, GAS AND MINING

For the purpose of this RECLAMATION CONTRACT the terms below are defined as follows:

"NOTICE OF INTENTION" (NOI): (File No.)	<u>M/037/088</u>
(Mineral Mined)	<u>Copper</u>
"MINE LOCATION":	
(Name of Mine)	<u>Lisbon Valley Copper Project</u>
(Description)	<u>18 miles south of LaSal, Utah</u>
	<u>San Juan County</u>
"DISTURBED AREA":	
(Disturbed Acres)	<u>7.86 (increase of 1.14 acres</u>
(Legal Description)	<u>(refer to Attachment "A")</u>
"OPERATOR":	
(Company or Name)	<u>Summo USA Corporation</u>
(Address)	<u>Lisbon Valley Mining Co. LLC</u>
	<u>By: Summo USA Corp - Manager</u>
	<u>Denver Center Bldg., Suite 900</u>
	<u>1776 Lincoln Street</u>
	<u>Denver, CO 80203</u>
(Phone)	<u>303-861-5400</u>

"OPERATOR'S REGISTERED AGENT":

(Name)

(Address)

(Phone)

CT Corporation

50 West Broadway

8th Floor

Salt Lake City, UT 84104

801-531-7090

"OPERATOR'S OFFICER(S)":

Greg Hahn - President

Robert Prescott - Vice President

Christopher Mitchell - Exec. VP & CFO

James Frank - VP - Business Dev.

"SURETY":

(Form of Surety - Attachment B)

Surety Bond - w/Rider

"SURETY COMPANY":

(Name, Policy or Acct. No.)

U.S. Fidelity & Guaranty Co.

"SURETY AMOUNT":

(Escalated Dollars)

*\$124,200 (increase of \$27,173)

"ESCALATION YEAR":

2005

"STATE":

"DIVISION":

State of Utah

Division of Oil, Gas and Mining

"BOARD":

Board of Oil, Gas and Mining

ATTACHMENTS:

A "DISTURBED AREA":

B "SURETY":

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between Lisbon Valley Mining CO. & Summo USA the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division"). Corp

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. M/037/088 which has been approved by the Utah State Division of Oil, Gas and Mining under the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (1953, as amended) (hereinafter referred to as "Act") and implementing rules; and

WHEREAS, Operator is obligated to reclaim that area described as the Disturbed Area as set forth and in accordance with Operator's approved Reclamation Plan, and Operator is obligated to provide surety in form and amount approved by the Division, to assure reclamation of the Disturbed Area.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to conduct reclamation of the Disturbed Area in accordance with the Act and implementing regulations, the original Notice of Intention dated August 8, 1995, and the original Reclamation Plan dated August 8, 1995. The Notice of Intention as amended, and the Reclamation Plan, as amended, are incorporated by this reference and made a part hereof.
2. Concurrent with the execution hereof, Operator has provided surety to assure that reclamation is conducted, in form and amount acceptable to the Division. Such surety as evidenced by the Surety Contract is in the form of the surety attached hereto as Attachment B and made a part hereof. The Surety Contract shall remain in full force and effect according to its terms unless modified by the Division in writing. If the Surety Contract expressly provides for cancellation, then, within 60 days following the Division's receipt of notice that the Surety Company intends to cancel the Surety Contract, the Operator shall provide a replacement Surety Contract in a form and amount reasonably acceptable to the Division. If the Operator fails to provide an acceptable replacement Surety Contract, the Division may order the Operator to cease further mining activities and to begin immediate reclamation of the Disturbed Area.
3. Operator agrees to pay legally determined public liability and property damage claims resulting from mining to the extent provided in Section 40-8-7(1)(e) of the Act.
4. Operator agrees to perform all duties and fulfill all reclamation requirements applicable to the mine as required by the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
5. The Operator's liability under this Contract shall continue in full force and effect until the Division certifies that the Operator has reclaimed the Disturbed Area in accordance with the Act and implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended.
6. If reclamation of discrete sections of the Disturbed Area is completed to the satisfaction of the Division, and the Division finds that such sections are severable from the remainder of the Disturbed Area, Operator may request the Division to certify that Operator has reclaimed such discrete sections of the Disturbed Area in accordance with the Act and Implementing rules, the Notice of Intention, as amended and the Reclamation Plan, as amended. If the Division makes such certification, Operator may make request to the Division that the aggregate face amount of the Surety Contract provided pursuant to paragraph 2 be reduced to an amount necessary to provide for completion of the remaining reclamation. The Division shall hear Operator's

request for such reduction in accordance with the Board's Procedural Rules concerning requests for Agency Action.

7. Operator agrees to indemnify and hold harmless the State, Board and the Division from any claim, demand, liability, cost, charge, suit, or obligation of whatsoever nature arising from the failure of Operator or Operator's agents and employees, or contractors to comply with this Contract.
8. Operator may, at any time, submit a request to the Division to substitute surety. The Division may approve such substitution if the substitute surety meets the requirements of the Act and the implementing rules.
9. This Contract shall be governed and construed in accordance with the laws of the State of Utah.
10. If Operator shall default in the performance of its obligations hereunder, Operator agrees to pay all costs and expenses, including reasonable attorney's fees and costs incurred by the Division and/or the Board in the enforcement of this Contract.
11. Any breach that the Division finds to be material of the provisions of this Contract by Operator may, at the discretion of the Division, result in an order to cease mining operations. After opportunity for notice and hearing, the Board of Oil, Gas and Mining may enter an order to revoke the Notice of Intention, order reclamation, or order forfeiture of the Surety Contract, or take such other action as is authorized by law.
12. In the event of forfeiture of the Surety Contract, Operator shall be liable for any additional costs in excess of the surety amount which are required to comply with this Contract. Any excess monies resulting from forfeiture of the Surety Contract, upon completion of reclamation and compliance with this Contract, shall be returned to the rightful claimant.
13. This Contract including the Notice of Intention, as amended and the Reclamation Plan, as amended, represents the entire agreement of the parties involved, and any modification must be approved in writing by the parties involved.
14. Each signatory below represents that he/she is authorized to execute this Contract on behalf of the named party.

OPERATOR:

Lisbon Valley Mining Co. LLC
by: Summo USA Corporation - Manager
Operator Name

By James D. Frank
Authorized Officer (Typed or Printed)

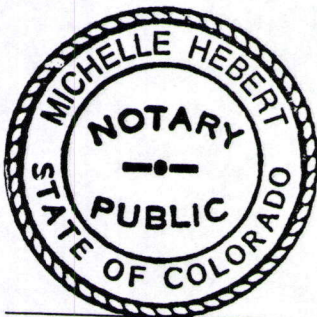
Vice President - Business Development
Authorized Officer - Position

James D. Frank
Officer's Signature

10/5/00
Date

STATE OF Colorado)
COUNTY OF Denver) ss:

On the 5th day of October, 20 00, personally
appeared before me James D. Frank who being
by me duly sworn did say that he/she, the said James D. Frank is
the Vice President - Business Dev. of Summo USA Corp. - Mgr. of Lisbon Valley
and duly acknowledged that said instrument was signed on behalf of said company by James D. Frank Mining
authority of its bylaws or a resolution of its board of directors and said Company
executed the same. James D. Frank duly acknowledged to me that said company LLC.



Michelle Hebert
Notary Public
Residing at: Lakewood, Colorado

My Commission Expires: March 18, 2003

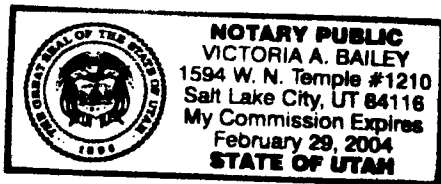
DIVISION OF OIL, GAS AND MINING:

By Lowell P. Braxton
Lowell P. Braxton, Director

Date 10/27/00

STATE OF Utah
COUNTY OF Salt Lake) ss:

On the 27th day of October, 2000,
personally appeared before me Lowell P. Braxton, who being
duly sworn did say that he/~~she~~, the said Lowell P. Braxton
is the Director of the Division of Oil, Gas and Mining, Department of Natural Resources,
State of Utah, and he/~~she~~ duly acknowledged to me that he/~~she~~ executed the foregoing
document by authority of law on behalf of the State of Utah.



Victoria A. Bailey
Notary Public
Residing at: Salt Lake City, UT

February 29, 2004
My Commission Expires:

ATTACHMENT "A"

Lisbon Valley Mining Co. LLC
by: Summo USA Corp. - Manager

Lisbon Valley Copper Project

Operator

Mine Name

M/037/088

San Juan

Permit Number

County, Utah

The legal description of lands to be disturbed is:

As amended to include approx. 1.14 acres of additional disturb.
for groundwater exploration drilling within:

Township 30 South, Range 25 East

SE 1/4, Section 23

NW 1/4, SW 1/4, SE 1/4, Section 25

NE 1/4, Section 26

NE 1/4, SW 1/4, SE 1/4, Section 36

Township 31 South, Range 26 East

NW 1/4, Section 6

As described and provided in the July 14, 2000 Request and
Attachment 1 Map



RIDER

Bond No. ~~4001264220000000~~

Principal: **Lisbon Valley Mining Company LLC**

IT IS HEREBY UNDERSTOOD AND AGREED THAT THE AMOUNT OF THE ABOVE BOND
SHALL BE INCREASED

FROM: \$97,066.00

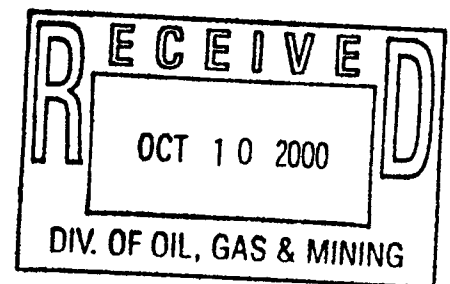
TO: \$124,200.00

EFFECTIVE: **September 26, 2000**

UNITED STATES FIDELITY AND GUARANTY COMPANY

By: _____

Kathy Lee
Kathy Lee, Attorney-in-Fact



Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.

Power of Attorney No. 21991

Certificate No. 492872

KNOW ALL MEN BY THESE PRESENTS: That Seaboard Surety Company is a corporation duly organized under the laws of the State of New York, and that St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company and St. Paul Mercury Insurance Company are corporations duly organized under the laws of the State of Minnesota, and that United States Fidelity and Guaranty Company is a corporation duly organized under the laws of the State of Maryland, and that Fidelity and Guaranty Insurance Company is a corporation duly organized under the laws of the State of Iowa, and that Fidelity and Guaranty Insurance Underwriters, Inc. is a corporation duly organized under the laws of the State of Wisconsin (*herein collectively called the "Companies"*), and that the Companies do hereby make, constitute and appoint

James R. Bell, Ingrid Nye, Douglas L. Dusso, Keith R. Anderson and Kathy Lee

Denver

Colorado

of the City of _____, State _____, their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety to, and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

IN WITNESS WHEREOF, the Companies have caused this instrument to be signed and sealed this 4th day of August, 2000.

Seaboard Surety Company
St. Paul Fire and Marine Insurance Company
St. Paul Guardian Insurance Company
St. Paul Mercury Insurance Company

United States Fidelity and Guaranty Company
Fidelity and Guaranty Insurance Company
Fidelity and Guaranty Insurance Underwriters, Inc.



John F. Phinney
JOHN F. PHINNEY, Vice President

Thomas E. Huibregtse
THOMAS E. HUIBREGTSE, Assistant Secretary

State of Maryland
City of Baltimore

On this 4th day of August, 2000, before me, the undersigned officer, personally appeared John F. Phinney and Thomas E. Huibregtse, who acknowledged themselves to be the Vice President and Assistant Secretary, respectively, of Seaboard Surety Company, St. Paul Fire and Marine Insurance Company, St. Paul Guardian Insurance Company, St. Paul Mercury Insurance Company, United States Fidelity and Guaranty Company, Fidelity and Guaranty Insurance Company, and Fidelity and Guaranty Insurance Underwriters, Inc.; and that the seals affixed to the foregoing instrument are the corporate seals of said Companies; and that they, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the names of the corporations by themselves as duly authorized officers.

In Witness Whereof, I hereunto set my hand and official seal.

My Commission expires the 13th day of July, 2002.



Rebecca Easley-Onokala

REBECCA EASLEY-ONOKALA, Notary Public

RECLAMATION SURETY ESTIMATE**Summo USA Corporation****Lisbon Valley Copper Project****M/037/088****San Juan County****Prepared by Utah State Division of Oil, Gas & Mining**last revision **08/31/2000**

filename m37-88ex8-00.wb3

- This estimate is for the groundwater exploration/development drilling amendment dated July 14, 2000.
- Basic line items in this estimate are taken from Summo's estimate of July 14, 2000.
- This estimate adds a contingency of 10% and 5 years of escalation to Summo's calculations.
- Previous bond amount posted for the project was \$97,066 (escalated to year 2005).
- This amendment proposes activities on state, BLM and fee lands.
- This amendment proposes bonding for 14 holes, with locations for 13 holes provided.

-Amount of disturbed area which will receive reclamation treatments = 1.14 acres**-Estimated total disturbed area for this mine = 1.14 acres**

<u>Activity</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/unit</u>	<u>\$</u>
Bentonite plugging of drill holes (5" dia.)	5,650	LF	3.00	16,950
Access road reclamation	1,700	LF	1.25	2,125
Drill site reclamation	14	sites	150	2,100
		Subtotal		21,175
10% Contingency				2,118
		Subtotal		\$23,293
				3,881
		Amendment Total		\$27,173
Average cost per disturbed acre =	\$23,836			

Previous surety amount in year 2005 dollars \$97,066**NEW SURETY AMOUNT 2005-\$ (rounded) = \$124,200**

1	RECLAMATION SURETY ESTIMATE					
2	Summo USA Corporation					<i>last revision</i> 08/31/2000
3	Lisbon Valley Copper Project					<i>filename m37-88ex8-00.wb3</i>
4	M/037/088					San Juan County
5	Prepared by Utah State Division of Oil, Gas & Mining					
6	-This estimate is for the groundwater exploration/development drilling amendment dated July 14, 2000.					
7	-Basic line items in this estimate are taken from Summo's estimate of July 14, 2000.					
8	-This estimate adds a contingency of 10% and 5 years of escalation to Summo's calculations.					
9	-Previous bond amount posted for the project was \$97,066 (escalated to year 2005).					
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11	-This amendment proposes bonding for 14 holes, with locations for 13 holes provided.					
12	-Amount of disturbed area which will receive reclamation treatments =					1.14 acres
13	-Estimated total disturbed area for this mine =					1.14 acres
14	<u>Activity</u>	<u>Quantity</u>	<u>Units</u>	<u>\$/unit</u>	<u>\$</u>	
15						
16	Bentonite plugging of drill holes (5" dia.)	5,650	LF	3.00	16,950	
17						
18	Access road reclamation	1,700	LF	1.25	2,125	
19						
20	Drill site reclamation	14	sites	150	2,100	
21			Subtotal		21,175	
22	10% Contingency				2,118	
23			Subtotal		\$23,293	
24					3,881	
25			Amendment Total		\$27,173	
27	Average cost per disturbed acre =				\$23,836	
28						
29	Previous surety amount in year 2005 dollars					\$97,066
30						
31	NEW SURETY AMOUNT 2005-\$ (rounded) =					\$124,200